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SUPPLEMENT TO
REPORT NO.

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ESTABLISH BONUS SYSTEM, CONTRACTS, SAFETY MEASURES

COUNCIL OF MINISTERS SETS UP BONUS SYSTEM -- Budapest, Magyar, Kozlony, 5 May 51

By discontinuing the wage system based on indexes which at present hamper production, the Hungarian Council of Ministers has increased the incentive of wage earners to increase labor productivity, to improve quality, and to reduce costs. In addition, the directors of enterprises are enabled to direct the workers to fulfill the most essential tasks of the enterprise.

The bonus system is to be applied to workers whenever a saving can be effected through the completion of definite tasks.

In cases where the saving effected cannot be measured and shown, the bonus system may be instituted only with the permission of the minister concerned. In these cases, the highest bonus rate also is to be determined by the ministry.

In general, bonus rates are based on individual performances. The bonus system is to be applied, therefore, when individual achievement can be measured.

If the character of a task is such that individual performance cannot be determined, collective tasks are to be set for a group or shop. Only those workers may receive bonuses whose work directly influences the fulfillment of the task. In such cases, the following four factors will be considered: economical use of materials, reduction of costs of production, improvement of quality, and increased production.

If the worker does not perform the task set as the basis for the bonus, no deduction will be made from his wages. He will receive only the wages due him for the pay period involved.

Not more than two tasks may be set as the basis for a single bonus. In addition, one or two other tasks may be set whose accomplishment is a prerequisite for the bonus. For example, the worker will receive a bonus if he makes more units from a given quantity of material only if the number of his

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rejects does not increase. A maximum of three tasks may be set for every worker. Several tasks of a similar character may not be set for one worker. For example, a cutter may not be given two tasks which may call for the production of more units from the same quantity of material and the reduction of waste at the same time.

A set task is generally not to be changed in less than 6 months. The task set as a basis for a bonus may be changed in less than 6 months if another economic goal has to be given priority to fulfill the plan of the enterprise. The set task is to be changed in less than 6 months if there was an error or deception was used at the time when the bonus was determined. The worker is to be informed in advance regarding any change in task.

The amount of the bonus is to be determined in a fashion which will permit every worker to receive an identical bonus for every unit of output. Deviation from this rule may be permitted by the authority having direct supervisory control over the enterprise.

The sum necessary for the payment of bonuses is to be planned when the wage fund of the enterprise is budgeted. The sum may not exceed a certain percentage, determined by the minister concerned, of the saving effected through the accomplishment of the tasks. The authority having immediate supervision over the enterprise is to fix the amount of money from which bonuses will be paid.

The ministers concerned will issue bonus regulations for every branch of industry. These regulations will include the following: detailed instructions regarding the introduction of the bonus system, applicable to the branch of industry in question; the major tasks to be set by the branch of industry concerned; the various types of operations; savings according to categories (for example, the amount of bonus payable in metallurgy for savings in coke); the conditions of collective tasks; the percentage of savings to be included in the wage fund of the enterprise for the payment of bonuses; instructions for the permanent supervision of the bonus system; etc.

These regulations are to be issued by 15 May 1951. Upon the request of the workers, the facts used to determine the amount of the bonus to which they are entitled must be announced.

The above decree will go into effect on 1 June 1951. The previous decrees of the National Wage Committee concerning wage systems based on indexes will then become void.

HELP REGULATE LABOR CONDITIONS --- Budapest, Magyar Kozlony, 5 May 51

The Hungarian Labor Code, recently issued, gives workers the right to participate directly in the regulation of working conditions and in the operation of the enterprise, through the new socialist collective contracts.

The Presidium of the National Trade Unions has proposed that new industrial collective contracts be initiated in order to give workers the opportunity to take advantage of the rights granted to them, and so that workers may be instrumental in fulfilling the requirements of the Five-Year Plan.

The Council of Ministers has, therefore, decreed that during the second half of 1951, the directors of 150 enterprises shall enter into contracts with plant committees, on the basis of principles expressed in the Hungarian Labor Code.

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The ministers concerned, together with the labor unions, will designate the enterprises in each branch of industry where collective contracts are to be signed.

INDUSTRIAL ACCIDENT RATE DOWN -- Budapest, Vilagossag, 24 Apr 51

Since the end of the war, the percentage of industrial accidents in Hungary has been reduced significantly. Hungary's new plants, the Textile Plant at Szeged, the Danube Valley Alumina Plant, and the Ganz Plant at Godollo have been built to satisfy safety requirements. The government has issued a safety code and has defined the responsibilities of management.

The Hungarian Labor Code holds the directors of enterprises personally responsible for putting in effect the regulations concerning safety. Every newly engaged worker is to be instructed regarding accident prevention.

On 1 October 1950, the government entrusted the labor unions with the supervision of the execution of safety measures. In addition, the labor unions were instructed to educate the workers to be safety conscious.

The percentage of accidents for every thousand workers in 1950 was 4.5 percent lower than in 1949. In spite of these good results, the accident rate in Hungarian industry is still very high. For example, the time lost in the MAVAG (Hungarian State Railroad Steel and Machine Factory) locomotive works in 1950, because of accidents, was sufficient for the production of 8 locomotives. More than half the accidents are caused by negligence. -- Peter Bod

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